

9. PROTECTING THE ENVIRONMENT

[P]rotecting our environment is a fundamental community value for all Americans, and it can't be sacrificed to balance the budget. Because we cherish our children, we want to be sure the water they drink and the food they eat won't make them sick. Because we honor our parents, we want the air they breathe to be clean so they can live long and healthy lives and not be house-bound by smog. Because we believe that what God created, we must not destroy, each of us has a sacred obligation to pass on a clean planet to future generations.

President Clinton
November 1995

The modern era of environmental protection began over 25 years ago with passage of landmark legislation and creation of the Environmental Protection Agency (EPA). Thanks to a generation of bipartisan effort, the environment is a great American success story. The air is cleaner, the water safer, and the land less polluted with toxic chemicals.

Despite these gains, we have much more to do. A third of Americans still live in areas that do not meet air quality standards, and too many communities have drinking water whose safety is threatened. While the solutions of 25 years ago are not necessarily the best suited for tomorrow's challenges, we should not discard the gains, or forget the lessons learned, by rolling back environmental safeguards that Americans find so important.

Americans want a Government that helps protect the environment and our natural resources without burdening business, choking innovation, or wasting taxpayer dollars. To meet these objectives, the Administration has been reinventing the regulatory process to cut excessive regulation, and targeting investments in programs that will have the biggest impact on improving the environment, protecting public health, providing more opportunities for outdoor recreation, and enhancing natural resources.

In his 1996 State of the Union address, the President's fifth challenge for the Nation was to leave our environment safe and clean

for the next generation. This budget and ongoing Administration policies reflect the President's strong commitment to meet that challenge.

MEETING THE CHALLENGE

The Administration has pioneered various ways to protect the environment and conserve natural resources that are cleaner, cheaper, and smarter.

Regulatory Reinvention: The President has challenged businesses to take more initiative to protect the environment, and pledged to make it easier for them to do so. In this regard, the Administration's regulatory reinvention efforts have been broad and far-reaching. In March 1995, the President announced a comprehensive set of 25 high-priority actions to substantially improve the regulatory system and move significantly toward a new and better environmental management system for the 21st Century.

One of the most fundamental reforms is Project XL (for excellence and leadership), a pilot program for 50 companies or communities. Under it, companies will get the opportunity to set aside EPA rules if they can design an alternative system that will be both cheaper for the company and cleaner for the environment.

The Emergency Planning and Community Right-To-Know Act has been among the most successful, cost-effective laws ever enacted—under it, toxic releases of reported chemicals

have fallen over 40 percent. The law succeeds because it recognizes that knowledge is power and that, often, the most effective way to achieve environmental protection is to give the power back to the community.

To build on this success, the President strongly supports expanding the requirements for industry to disclose releases, because the public has a right to know that its air and water are safe. But, because the law is most effective when communities and citizen groups actively use the information, the President has challenged communities to take the initiative and work with business to cut pollution.

The President is committed to cutting the paperwork tied to meeting environmental standards by 25 percent, which will save businesses and communities 20 million hours of work. For small businesses, the President has pledged to create centers to help them comply with environmental standards, and to give them a six-month grace period for correcting infractions before penalizing them when they act in good faith. In addition, EPA is eliminating over 1,400 pages of regulations.

Performance Partnerships: In last year's budget, EPA proposed to offer States and Tribes one or more Performance Partnership grants, to combine several categorical grants (e.g., grants that go specifically to address air, water, or hazardous waste). The partnership grants would consolidate funding streams, cut micromanagement, and focus programs on results. While the proposal awaits legislative action, State officials and others have praised it and the Administration is proposing it again this year.

In May 1995, the Environmental Council of the States, consisting of the State environmental commissioners, adopted a resolution of support for the partnership grants, and agreed with EPA on a broader proposal to create a new partnership based on performance. This partnership system includes environmental performance agreements and less intensive EPA oversight of States with strong performance.

In September 1995, the third report of Vice President Gore's National Performance

Review¹ proposed to give States more flexibility to move funds between the Clean Water and Drinking Water State Revolving Funds. This initiative, which the budget proposes, would give States more flexibility to address high-priority water infrastructure issues.

Ecosystem Management: The Administration has pioneered the use of ecosystem management—an approach to restore and maintain the health, sustainability, and biological diversity of marine and terrestrial ecosystems while supporting vital economies and communities.

- **Everglades/South Florida Ecosystem Restoration Initiative:** The South Florida Ecosystem is a unique national treasure that includes the Everglades, Florida Bay, and other internationally-renowned natural resources. Its long-term viability and sustainability is critical for the tourism and fishing industries, as well as the water supply, economy, and quality of life for South Florida's entire population of over six million people.

In the budget, the Administration is proposing legislation to establish an "Everglades Restoration Fund" to provide a steady source of funding, mainly for land acquisition, to maintain a sustainable ecosystem. The budget proposes \$100 million a year for four years to establish the Fund. In addition, the budget proposes a one-cent-per-pound marketing assessment on Florida sugar production to add about \$35 million a year to the Fund. This approach divides the costs of restoration between the public and the principal industry that has benefited from water projects altering the South Florida ecosystem.

In addition, the budget would continue to strongly support the active programs of various Federal agencies involved in the Everglades and South Florida ecosystem restoration. The budget would increase funding for the initiative to \$136 million, compared to \$104 million in 1996.

- **Northwest Forest Plan (Oregon, Washington, and Northern California):** The President's Forest Plan is protecting natural resources and providing new economic

¹ Common Sense Government.

opportunities for the people of the Pacific Northwest. It is a balanced, science-based blueprint to strengthen the economic and environmental health of the three-State area. It is also the first region-wide application of ecosystem management by Federal, State, and local agencies; Tribes; non-governmental organizations; and individuals.

The Administration has begun refilling the timber pipeline with hundreds of millions of board feet of timber for the first time in years; restored thousands of acres of key habitat and watersheds while providing short-term employment opportunities to displaced timber workers; spurred small businesses through grants and job training; and strengthened local economies.

In 1995, the region received over \$350 million in grants, loans, and other resources through the coordinated efforts of 12 Federal agencies. The Federal Government plans to spend just \$318 million in 1996 (due to congressional cuts), but the budget proposes \$391 million for 1997.

The President also is seeking major changes in the timber provisions of the 1995 rescission law. He wants Congress to: repeal provisions that force the Government to award environmentally unsound contracts to cut "old-growth" timber; let the Government replace old-growth timber with other timber, or buy it back from contractors—before its harvesting causes environmental problems; and work with him to allow the private sector to harvest salvage timber in compliance with environmental laws.

- **Salmon Recovery Plan:** Salmon runs throughout the Pacific Northwest are a major part of the region's ecosystem and economy. For various reasons, salmon runs originating in the Columbia/Snake River Basin have declined so much that the National Marine Fisheries Service lists three runs as endangered or threatened.

The Administration supports a regional, bipartisan effort to pay for recovery—including the preparation of a stable, multi-year salmon budget. The Administration, in October 1995, reached agreement with

congressional and regional interests to establish a Federal contingency fund to try to hold salmon recovery costs to no more than \$435 million for customers of the Bonneville Power Administration.

ENVIRONMENTAL AND NATURAL RESOURCE INVESTMENTS

The budget proposes to boost funding for high-priority environmental and natural resource programs by eight percent over the levels in place when the President took office (see Table 9-1).

EPA Operating Program: The budget proposes a nine percent increase over 1996, to \$3.4 billion, for EPA's operating program, which includes most of EPA's research, regulatory, partnership grants (for States and Tribes), and enforcement programs. The program represents the backbone of the Nation's efforts to protect public health through standard setting, enforcement, and other means to ensure that our water is pure, our air clean, and our food safe.

Chart 9-1 illustrates the Nation's progress in improving air quality but also pinpoints where we still need to go. Similarly, Chart 9-2 illustrates the progress needed in improving wastewater treatment to help reach water quality goals.

The budget stresses environmental enforcement to ensure that polluters find a cop on the environmental beat. It would fully fund the EPA's part of the Climate Change Action Plan to promote voluntary, innovative energy conservation programs to meet our international commitments to reduce greenhouse gases. In addition, the budget would fund the Environmental Technology Initiative to spur the development of new technologies to protect public health, cut costs, create new jobs, and increase exports. Finally, the budget continues to support a "watershed approach" for key water systems, such as the Great Lakes and Chesapeake Bay, in which the Government considers the system as a whole—rather than, separately, each individual threat to the environment and public health.

Table 9-1. ENVIRONMENTAL/NATURAL RESOURCE INVESTMENTS AND OTHER HIGH-PRIORITY PROGRAMS

(Discretionary budget authority unless otherwise noted; dollar amounts in millions)

	1993 Actual	1995 Actual	1996 Estimate ¹	1997 Proposed	Dollar Change: 1996 to 1997	Percent Change: 1996 to 1997
Environmental Protection Agency (EPA):						
Operating Program	2,767	2,853	3,113	3,403	+290	+9%
State Revolving Funds (SRFs):						
Clean Water	1,928	1,236	1,365	1,350	-15	-1%
Drinking Water		-374	500	550	+50	+10%
Superfund	1,589	1,354	1,313	1,394	+81	+6%
Other	639	900	386	330	-56	-15%
Subtotal, EPA	6,923	5,969	6,677	7,027	+350	+5%
Department of the Interior (DOI):						
National Park Service Operating Program	984	1,078	1,158	1,173	+15	+1%
Bureau of Land Management Operating Program	638	695	658	685	+27	+4%
Fish & Wildlife Service Operating Program	531	511	498	540	+42	+8%
Investment Non-Operating Program (Natural Resources Research and other)	11	192	182	290	+108	+59%
Subtotal, DOI (Select programs)	2,164	2,476	2,496	2,688	+192	+8%
Department of Agriculture (USDA):						
Forest Service Operating Program	1,319	1,338	1,256	1,292	+36	+3%
Investment Non-Operating Program (NW Forest Plan, Infrastructure, and other)	276	234	172	199	+27	+16%
Rural Water & Wastewater	508	627	488	659	+171	+35%
Wetlands	115	212	139	216	+77	+55%
Wetlands Reserve Program (Mandatory)		93	77	188	+111	+144%
Conservation Reserve Program (Mandatory)	1,579	1,743	1,782	1,925	+143	+8%
Subtotal, USDA (Select programs)	3,797	4,247	3,914	4,479	+565	+14%
Land Acquisition: LWCF (DOI/USDA) and Everglades Restoration Fund (DOI)	285	217	140	262	+122	+87%
Other Everglades Restoration (DOI, Corps, USDA, NOAA, EPA)	82	103	104	136	+32	+31%
Department of Energy (DOE):						
Energy Conservation and Efficiency	592	715	613	715	+102	+17%
Solar and Renewable Energy R&D	257	363	275	363	+88	+32%
Federal Facilities Cleanup (Environmental Management Program)	6,396	5,804	6,084	6,059	-25	-*
Subtotal, DOE (Select programs)	7,245	6,882	6,972	7,137	+165	+2%
Department of Defense (DOD):						
Cleanup	1,604	2,086	2,093	2,108	+15	+1%
Environmental Compliance/Pollution Prevention/Conservation	2,227	2,504	2,654	2,406	-248	-9%
Environmental Technology	393	281	223	204	-19	-9%
Subtotal, DOD (Select programs)	4,224	4,871	4,970	4,718	-252	-5%
National Oceanic and Atmospheric Administration (NOAA):						
Fisheries and Protected Species	232	269	282	306	+24	+9%
Ocean and Coastal Management	121	130	119	132	+13	+11%
Ocean and Atmospheric Research	138	160	156	160	+4	+3%
Subtotal, NOAA (Select programs)	491	559	557	598	+41	+7%
Pacific Northwest Forest Plan (USDA, DOI, EPA, DOC, DOL)		359	318	391	+73	+23%
Army Corps of Engineers Regulatory Program (wetlands)	86	102	101	112	+11	+11%
Partnership for a New Generation of Vehicles (DOE, DOC, NSF, EPA, DOT)		223	241	288	+47	+20%
U.S. Global Change Research (NASA, DOE, NSF, DOC, others)	1,319	1,785	1,712	1,852	+140	+8%
Climate Change Action Plan (EPA, DOE, USDA, Corps)		218	224	305	+81	+36%
GLOBE—Global Environmental Education (NOAA, NASA, EPA, NSF)		15	14	15	+1	+7%
Montreal Protocol (State/EPA)	25	38	34	47	+13	+38%
Global Environment Facility (Treasury)		90	35	100	+65	+186%
Multilateral & Bilateral Assistance (Funds Appropriated to the President/AID)	272	355	310	343	+33	+11%
Border Environmental Activities (State/Treasury)	30	81	81	87	+6	+7%
Total ²	25,190	25,803	26,204	27,309	+1,105	+4%

* Less than \$500 thousand or 0.5 percent.

¹ Includes Administration's proposed adjustments to 1996 continuing resolution levels.² Total adjusted to eliminate double counts and mandatory spending.

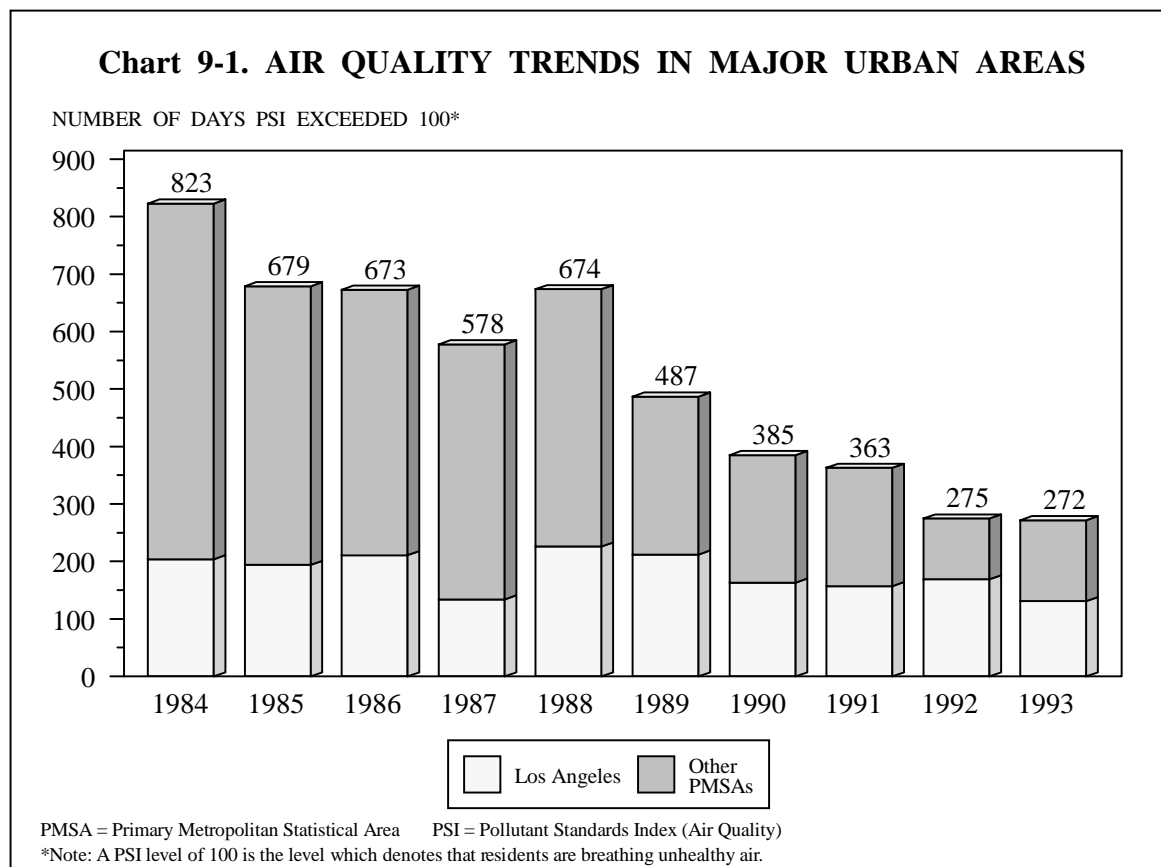
Natural Resource Protection: The budget continues the President's commitment to protect the national parks and forests, wildlife refuges, other public lands, and marine sanctuaries. While offering natural beauty, historical significance, and other pleasures for today's and future generations, these areas play an important role in maintaining ecosystem stability and protecting species that are threatened or endangered.

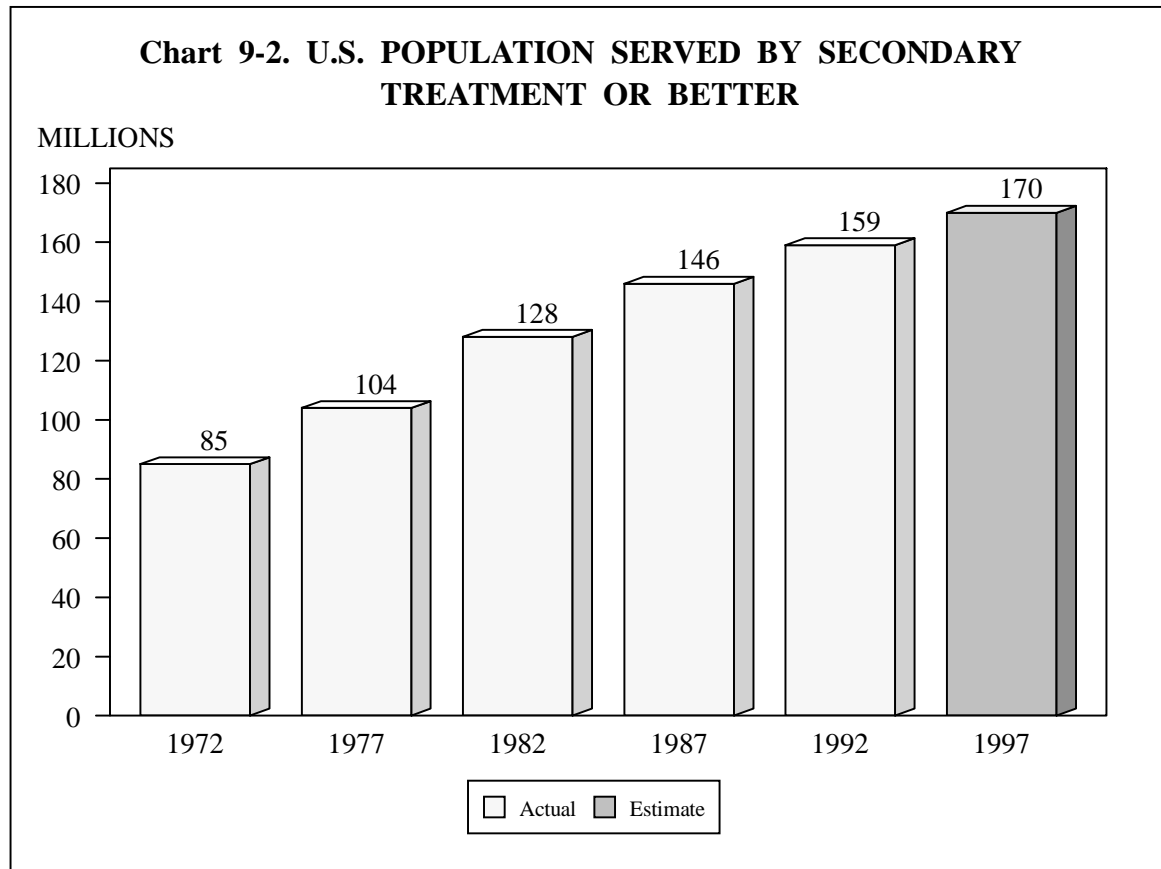
The budget proposes \$1.2 billion for operations in national parks, an increase of \$15 million from 1996, to protect the Nation's important natural and cultural resources and provide a level of visitor services that the public rightly expects. The Administration will continue to promote entrepreneurial land management by seeking legislation to give the National Park Service more authority to collect user fees. The proposal would return 80 percent of new fee receipts of the National Park Service, Bureau of Land Management, and the Forest Service for each

of them to use on visitor services. In addition, the budget proposes about \$111 million in up-front funding (to be spent over several years) to restore the Elwha River watershed and fisheries in and around the Olympic National Park, in the State of Washington. Chart 9-3 illustrates the growing demand for recreational services in parks, forests, refuges, and public lands.

Endangered Species Act: The Administration is committed to the goals of the Endangered Species Act (ESA). Congress, however, has voted to severely limit the ability of the Interior and Commerce Departments to carry out the ESA by placing unwarranted moratoria on listing actions and eliminating funding for listing new species.

Last year, the Administration unveiled a 10-point plan to better implement the ESA. The plan shows that the Government can administer the ESA to protect species and improve recovery rates in ways that minimize





impacts on land owners and give greater authority to State and local governments. The budget contains full funding to implement the Administration's plan.

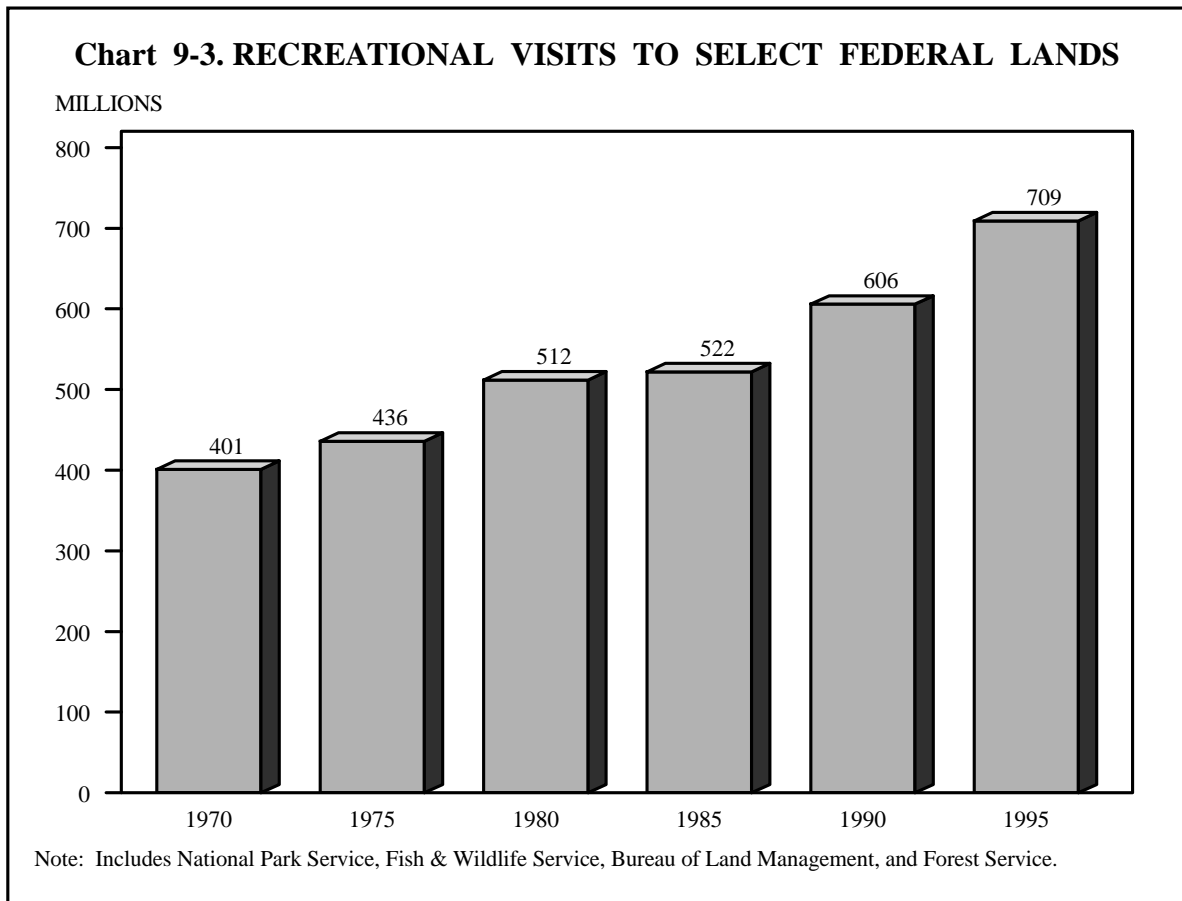
Healthy Coasts: Over half of Americans live in coastal areas—areas that provide unique and critical habitat for a wide range of species. The budget proposes to increase funds for programs that are instrumental in sustaining healthy coasts to \$132 million in 1997, a \$13 million increase over 1996, in the budget of the National Oceanic and Atmospheric Administration (NOAA). Among these vital efforts, NOAA is working to raise participation in the Coastal Zone Management Program, which promotes integrated coastal stewardship, from 29 to 34 states. In addition, NOAA's National Marine Sanctuaries Program will complete a management plan for the Florida Keys National Marine Sanctuary.

Water Quality Infrastructure: EPA provides capitalization grants to Clean Water

State Revolving Funds (SRFs), which make low-interest loans to municipalities to improve compliance with the Clean Water Act. The budget proposes \$1.35 billion for this program, which would help reduce beach closures and keep our waterways safe and clean. In addition, the budget proposes targeted wastewater funds for areas facing unique circumstances, such as high needs or an inability to pay—including \$100 million for Boston Harbor, \$150 million for U.S.-Mexico border projects, and \$15 million for Alaskan Native villages.

The President also is proposing \$550 million in Federal capitalization grants for new Drinking Water SRFs to help municipalities comply with the Safe Drinking Water Act. Such compliance will help ensure that our citizens have a safe, clean supply of drinking water—our first line of defense in protecting public health.

Department of Agriculture (USDA)
"Water 2000": USDA has launched an effort



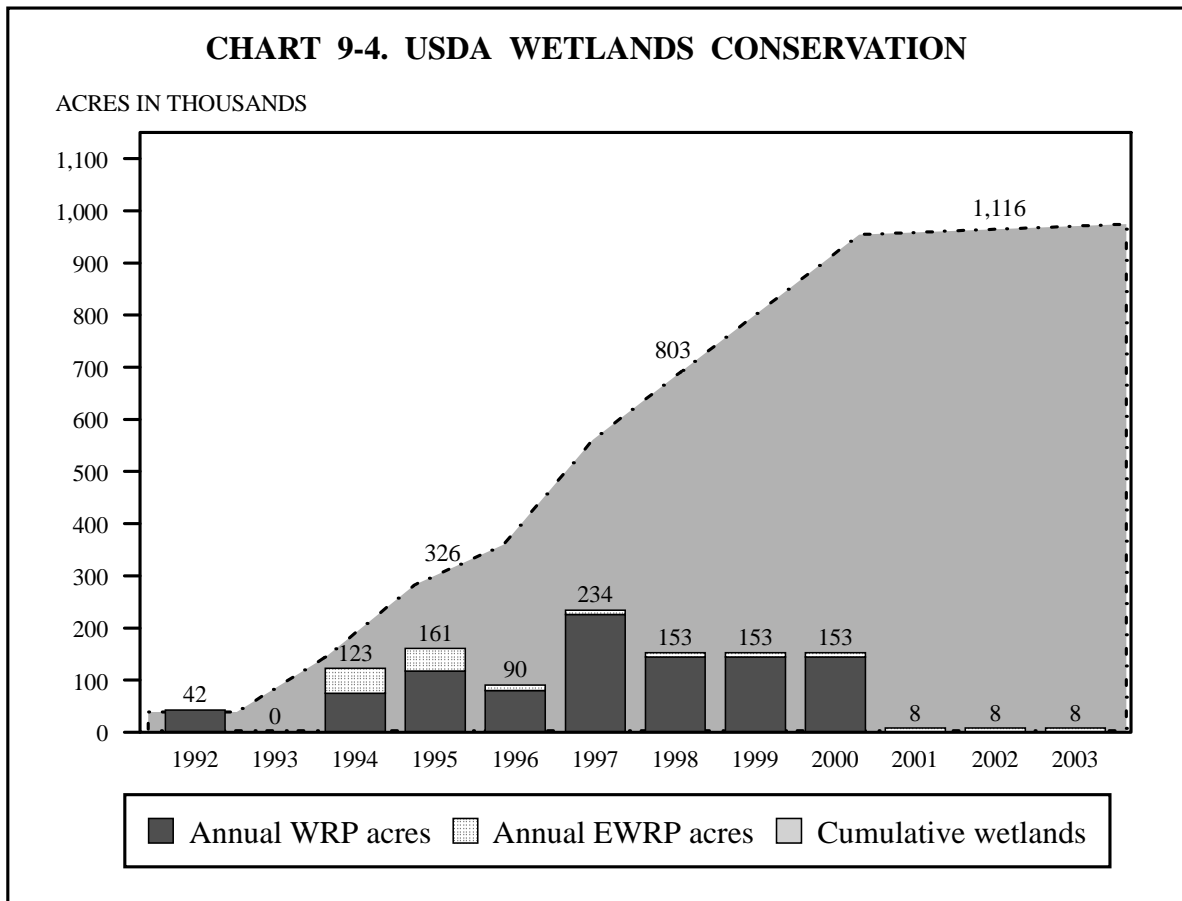
to bring safe drinking water to the remaining rural Americans in very remote areas who live without running water. The budget would fund the initiative, “Water 2000,” as part of the \$1.4 billion in loan and grant authority that it proposes for rural water and wastewater loans and grants, a 75 percent increase over 1996. In 1995, “Water 2000” funded 217 new water-treatment systems; the Administration expects to fund 150 new systems in 1996 and 225 in 1997.

Wetlands Reserve Program (WRP): Historically, developers obtained a fourth of U.S. cropland, or over 100 million acres, by clearing and draining wetlands. The WRP is a voluntary program in which willing sellers receive the fair market value to retire wetland acres from agricultural production. The WRP has been so popular with farmers that the Government has only had the funds to buy a fifth of the acres that landowners have offered. The budget proposes to purchase long-term and perpetual conservation easements on 226,000

acres in 1997, which—along with the “Swampbuster” provisions of Federal law that restrict farmers’ use of wetlands—would allow continued progress toward reaching the President’s goal of a net gain in national wetland acres (see Chart 9-4).

The retirement of cropland through the WRP will directly benefit the recovery of threatened or endangered species—though wetlands account for just five percent of land in the lower 48 States, almost 35 percent of threatened or endangered species live in, or depend on, wetlands. Also, because of other benefits of wetlands—floodwater retention and surface water storage—the budget assumes at least \$5 million for the Emergency Wetlands Reserve Program (EWRP) in 1997 (depending on the nature of natural disasters that year).

Conservation Reserve Program (CRP): The CRP pays farmers to temporarily retire environmentally sensitive (mostly erosion-



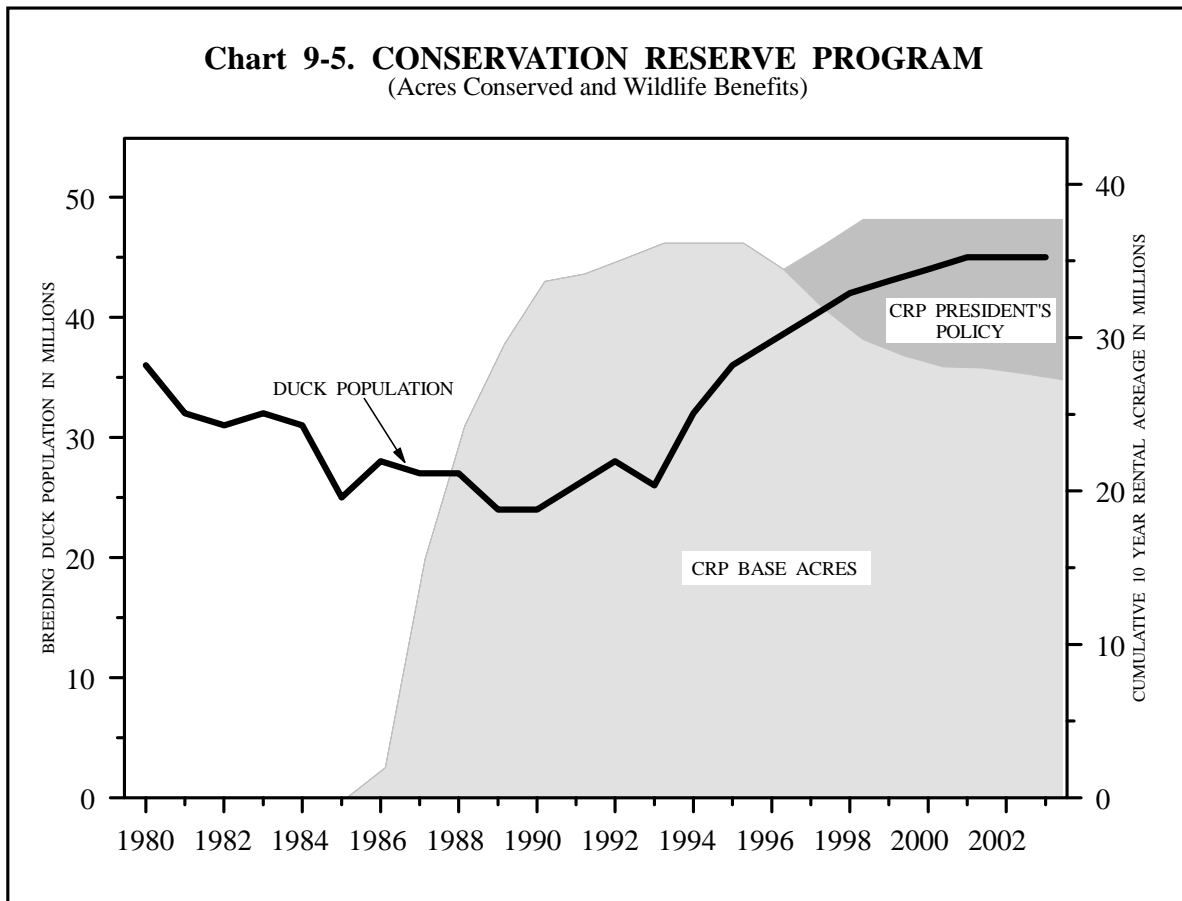
prone) lands from production. Producers receive rental payments for 10 years, after which they can bring the lands back into production. The CRP has 36.4 million acres enrolled, with the remaining 1.6 million acres proposed in the budget for sign-up in 1997, in order to reach the legal target of 38 million acres. In December 1994, the Administration also proposed that farmers have the option of extending expiring contracts. Contracts for around 15 million acres expire in 1996.

The CRP's benefits include less erosion and better water quality. In addition, the CRP's wildlife benefits have been overwhelming: wild duck populations fell between 35 and 50 percent in the 1970s and 1980s, but these populations bounced back with a 38 percent increase from the 1980s to the mid-1990s largely due to the CRP (see Chart 9-5).

Superfund: EPA's Superfund program cleaned up another 68 sites in 1995, exceeding

its 1995 target of 65 and bringing to 346 the total number cleaned up through 1995 (see Chart 9-6). In the past four years, the program has, on average, cleaned up more sites each year than in its entire first decade. By the end of 1995, construction was completed or initiated at nearly 800 National Priority List (NPL) sites, well over half the sites on the list. With funding at the President's requested level, EPA would remain on course to achieve its target of 650 construction completions by the year 2000.

Nevertheless, Superfund has been criticized for costing too much and accomplishing too little. The Administration has worked to develop and propose legislative reforms to fundamentally change the way Superfund operates. While awaiting Congressional action on Superfund reauthorization, EPA has redirected the program in the past two years with "common sense" administrative reforms to increase fairness, cut cleanup and transaction costs, and encourage economic redevelop-



opment. The budget includes \$1.4 billion, an \$81 million increase over 1996, to continue progress in Superfund.

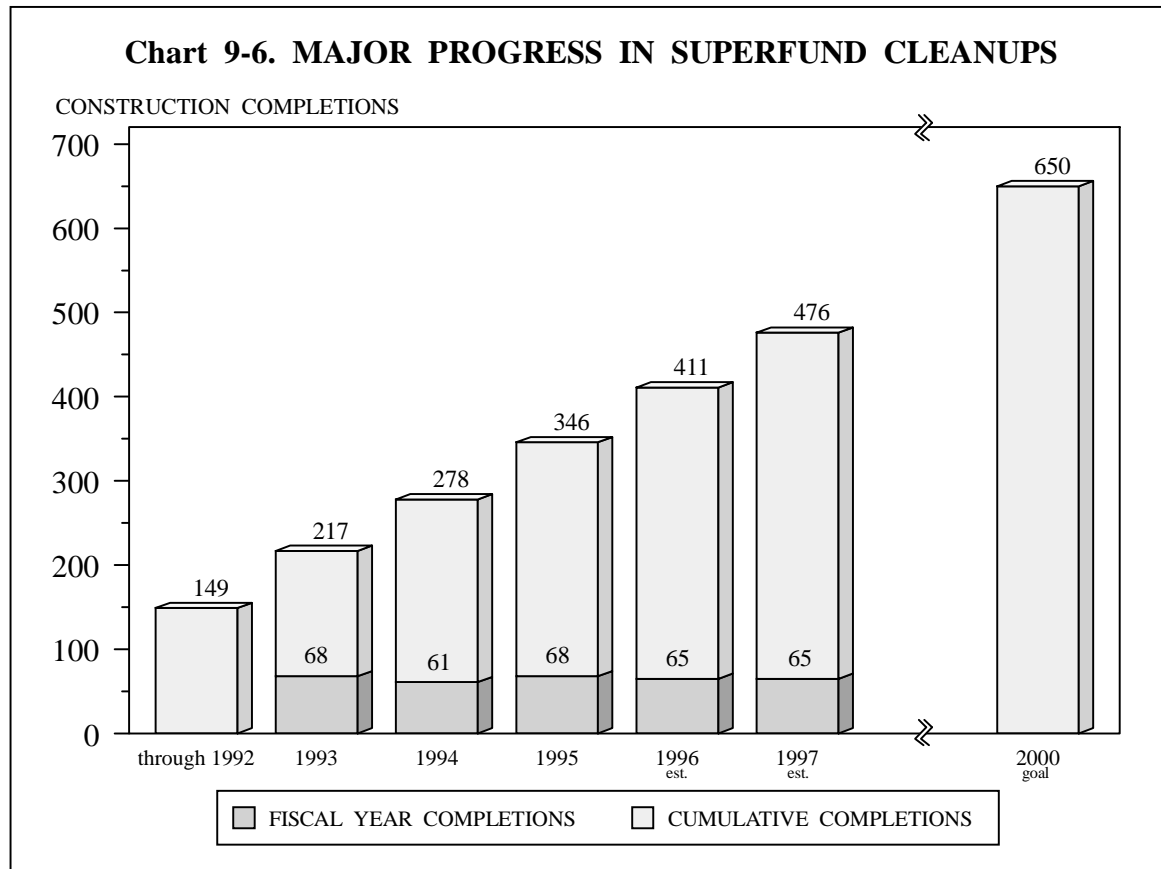
Brownfields: The current Superfund law, which extends liability to both past and prospective owners of contaminated sites, can depress the market value of older industrial sites and diminish the attractiveness of investing in these “brownfield” areas. The President proposes to offer new purchasers and other businesses a targeted tax incentive to recover the cost of a brownfield cleanup in distressed communities over a shorter time period. This initiative would spur the private sector to create jobs, return land to productive use, and clean up the environment in our communities.

In addition, the budget proposes \$25 million to expand and complement EPA’s Brownfields Economic Redevelopment Initiative. Of that, EPA would use \$5 million to award another 25 brownfield pilot projects to stimulate environmental cleanup through economic redevelop-

opment, bringing the total number of pilots to 75. In addition, the budget includes \$20 million for grants to brownfields pilot communities to help finance such cleanups and to work with States to develop their capability to address brownfield cleanup and redevelopment.

Federal Facilities Cleanup and Compliance: The Federal Government faces an enormous challenge in cleaning up Federal facilities contaminated with radioactive or hazardous waste. The Energy Department (DOE) faces the most complex and costly problems, the result of over four decades of research, production, and testing of nuclear weapons. The Defense Department’s (DOD) environmental problems include hazardous wastes similar to those at industrial sites and unexploded ordnance at test ranges.

In 1997, DOE will continue to stress risk reduction, management and stabilization of nuclear materials, aggressive site cleanup,



and investment in new cleanup technologies. The budget proposes \$5.9 billion for DOE's Office of Environmental Management program—a figure that reflects sizable savings from administrative and contracting reforms and that would support the completion of cleanup of 260 release sites and facilities. The budget also proposes \$182 million to fund projects to privatize the treatment of certain types of nuclear waste.

DOD continues to make significant progress in cleanup, compliance/pollution prevention, conservation, and environmental technology. The budget provides \$4.7 billion for these activities. To date, 760 military installations and over 2,200 formerly-used defense properties have nearly 15,000 sites where a study or cleanup is underway, while DOD has determined that 9,900 sites require no further cleanup.

Energy Conservation and Efficiency: The budget proposes \$715 million for DOE energy

conservation and efficiency programs, 17 percent above 1996. It provides for continued implementation of the Climate Change Action Plan to cut greenhouse gas emissions, and continues the Partnership for a New Generation of Vehicles to triple fuel economy by early next century. The Administration is committed to improving the energy efficiency of federally-owned or operated buildings. DOD, DOE, the Veterans Affairs Department, and the General Services Administration have made significant progress in cutting energy consumption and saving taxpayer money, and the budget proposes \$289 million to continue the progress.

Solar and Renewable Energy: The budget funds DOE solar and renewable energy activities at \$363 million, 32 percent above 1996. This funding continues the Administration's strong support for research and development to reduce manufacturing costs in photovoltaics and solar thermal technologies, promote wind power, and spur a wider use of biofuels.

Multilateral and Bilateral Environmental Assistance: The budget proposes a \$33 million increase over 1996, to \$343 million, for bilateral and multilateral environmental assistance. Bilateral assistance includes U.S. Agency for International Development (AID) activities to address climate change, biodiversity, and sustainable agriculture in developing countries. Multilateral assistance funds U.S. voluntary contributions to the U.N. environmental system and other international organizations to address various international environmental activities.

Global Environment Facility: U.S. participation in the Global Environment Facility

(GEF) is a cornerstone of U.S. foreign and environmental policy. The GEF has become the world's leading institution for protecting the global environment and avoiding economic disruption from climate change, massive extinction of valuable species, and dramatic collapse of the ocean's fish population. The \$100 million budget request meets the Nation's annual pledge to the four-year (1995–1998) funding program for the GEF—the United States pledged 20 percent (\$400 million) of the GEF's resources, a lower proportion than in most multilateral fora. Meeting this commitment is vital to maintaining U.S. leadership of the program.